



Substitute Senate Bill No. 478

Public Act No. 26-93

AN ACT CONCERNING CONSUMER SAFEGUARDS FOR LONG-TERM CARE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (b) of section 38a-501 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(b) (1) No insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center may deliver or issue for delivery any long-term care policy that has a loss ratio of less than sixty per cent for any individual long-term care policy. An issuer shall not use or change premium rates for a long-term care policy unless the rates have been filed with and approved by the commissioner. Any rate filings or rate revisions shall demonstrate that anticipated claims in relation to premiums when combined with actual experience to date can be expected to comply with the loss ratio requirement of this section. A rate filing shall include the factors and methodology used to estimate irrevocable trust values if the policy includes an option for the elimination period specified in subdivision (1) of subsection (a) of this section.

(2) An issuer shall file an annual report, not later than May first, with

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the Insurance Commissioner on incurred losses and actual paid losses for each long-term care policy issued in the state. The Insurance Commissioner, in consultation with the Secretary of the Office of Policy and Management, shall, not later than October 1, 2027, and annually thereafter, file a report, in accordance with the provisions of section 11-4a, with the joint standing committees of the General Assembly having cognizance of matters relating to aging, human services and insurance and real estate on the incurred loss and actual paid loss for each long-term care policy in the past three calendar years. Such report shall state which policies have been precertified pursuant to section 38a-475. Data in such report shall be aggregated and deidentified. The Insurance Department shall include a link to the report on the Insurance Department's Internet web site, and the Secretary of the Office of Policy and Management shall include a link to the report on the Internet web site of the Office of Policy and Management.

(3) Not later than July 1, 2027, the Insurance Commissioner, in consultation with the Secretary of the Office of Policy and Management, may file a report, in accordance with the provisions of section 11-4a and within available appropriations, with the joint standing committees of the General Assembly having cognizance of matters relating to aging, human services and insurance and real estate on the feasibility and effect on access to long-term care insurance (A) of a requirement that issuers of long-term care insurance policies provide policyholders an opportunity to cancel such insurance and obtain full refunds of any premiums paid since the start of the policies whenever such issuer files for rate increases that exceed the rate of inflation; (B) the level of rate increases that can be approved by the Insurance Commissioner if any insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center is required to include, as part of any long-term care policy rate increase request; and (C) information related to the reinsurance market in the state, including any recent impacts the reinsurance market has had on

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the availability and cost of long-term care insurance policies and the economic impact to the state. Data in such report shall be aggregated and deidentified.

[(2)] (4) (A) Any insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center that files a rate filing for an increase in premium rates for a long-term care policy that is for twenty per cent or more shall spread the increase over a period of not less than three years and not file a rate filing for an increase in premium rates for the long-term care policy during the period chosen. Such company, society, corporation or center shall use a periodic rate increase that is actuarially equivalent to a single rate increase and a current interest rate for the period chosen.

(B) Prior to implementing a premium rate increase, each such company, society, corporation or center shall:

(i) Notify its policyholders of such premium rate increase and make available to such policyholders the additional choice of reducing the policy benefits to reduce the premium rate or electing coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a. Such notice shall include a description of such policy benefit reductions and minimum set of affordable benefit options. The premium rates for any benefit reductions shall be based on the new premium rate schedule;

(ii) Provide policyholders not less than thirty calendar days to elect a reduction in policy benefits or coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a; and

(iii) Include a statement in such notice that if a policyholder fails to elect a reduction in policy benefits or coverage that reflects the minimum set of affordable benefit options developed by the

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commissioner pursuant to section 38a-475a by the end of the notice period and has not cancelled the policy, the policyholder will be deemed to have elected to retain the existing policy benefits.

Sec. 2. Section 38a-501 of the general statutes is amended by adding subsection (i) as follows (*Effective July 1, 2026*):

(NEW) (i) (1) Whenever the Insurance Commissioner has reason to believe that any insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center is operating in violation of the provisions of this section, the commissioner shall have the power to conduct an investigation pursuant to section 38a-16.

(2) If, upon investigation, the commissioner determines that an insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center has violated the provisions of this section, the commissioner may, following a hearing in accordance with section 38a-16, order a corrective action plan, impose administrative remedies or issue a penalty upon such insurer in accordance with section 38a-2.

(3) At any time prior to the conclusion of a hearing being held pursuant to subdivision (2) of this subsection, the commissioner may permit an insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center to submit a corrective action plan for the commissioner's approval.

(4) The commissioner may refer any suspected violations of this section to the Attorney General for consideration of further remedies as may be available under state or federal law.

Sec. 3. Subsection (b) of section 38a-528 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

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(b) (1) No insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center may deliver or issue for delivery any long-term care policy or certificate that has a loss ratio of less than sixty-five per cent for any group long-term care policy. An issuer shall not use or change premium rates for a long-term care policy or certificate unless the rates have been filed with the commissioner. Deviations in rates to reflect policyholder experience shall be permitted, provided each policy form shall meet the loss ratio requirement of this section. Any rate filings or rate revisions shall demonstrate that anticipated claims in relation to premiums when combined with actual experience to date can be expected to comply with the loss ratio requirement of this section. On an annual basis, an insurer shall submit to the commissioner an actuarial certification of the insurer's continuing compliance with the loss ratio requirement of this section. Any rate or rate revision may be disapproved if the commissioner determines that the loss ratio requirement will not be met over the lifetime of the policy form using reasonable assumptions.

(2) An issuer shall file an annual report, not later than May first, with the Insurance Commissioner on incurred losses and actual paid losses for each long-term care policy issued in the state. The Insurance Commissioner, in consultation with the Secretary of the Office of Policy and Management, shall, not later than October 1, 2027, and annually thereafter, file a report, in accordance with the provisions of section 11-4a, with the joint standing committees of the General Assembly having cognizance of matters relating to aging, human services and insurance and real estate on the incurred loss and actual paid loss for each long-term care policy in the past three calendar years. Such report shall state which policies have been precertified pursuant to section 38a-475. Data in such report shall be aggregated and deidentified. The Insurance Department shall include a link to the report on the Insurance Department's Internet web site, and the Secretary of the Office of Policy and Management shall include a link to the report on the Internet web

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site of the Office of Policy and Management.

[(2)] (3) (A) Any insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center that files a rate filing for an increase in premium rates for a long-term care policy that is for twenty per cent or more shall spread the increase over a period of not less than three years and not file a rate filing for an increase in premium rates for the long-term care policy during the period chosen. Such company, society, corporation or center shall use a periodic rate increase that is actuarially equivalent to a single rate increase and a current interest rate for the period chosen.

(B) Prior to implementing a premium rate increase, each such company, society, corporation or center shall:

(i) Notify its certificate holders of such premium rate increase and make available to such certificate holders the additional choice of reducing the policy benefits to reduce the premium rate or electing coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a. Such notice shall include a description of such policy benefit reductions and minimum set of affordable benefit options. The premium rates for any benefit reductions shall be based on the new premium rate schedule;

(ii) Provide certificate holders not less than thirty calendar days to elect a reduction in policy benefits or coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a; and

(iii) Include a statement in such notice that if a certificate holder fails to elect a reduction in policy benefits or coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a by the end of the notice period and has not cancelled the policy, the certificate holder will be

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deemed to have elected to retain the existing policy benefits.

Sec. 4. Section 38a-528 of the general statutes is amended by adding subsection (h) as follows (*Effective July 1, 2026*):

(NEW) (h) (1) Whenever the Insurance Commissioner has reason to believe that any insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center is operating in violation of the provisions of this section, the commissioner shall have the power to conduct an investigation pursuant to section 38a-16.

(2) If, upon investigation, the commissioner determines that an insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center has violated the provisions of this section, the commissioner may, following a hearing in accordance with section 38a-16, order a corrective action plan, impose administrative remedies or issue a penalty upon such insurer in accordance with section 38a-2.

(3) At any time prior to the conclusion of a hearing being held pursuant to subdivision (2) of this subsection, the commissioner may permit an insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center to submit a corrective action plan for the commissioner's approval.

(4) The commissioner may refer any suspected violations of this section to the Attorney General for consideration of further remedies as may be available under state or federal law.